



## Senate

General Assembly

January Session, 2015

**File No. 154**

Senate Bill No. 907

*Senate, March 23, 2015*

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

### ***AN ACT CONCERNING CHANGES TO THE INSURANCE STATUTES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. Subdivisions (1) and (2) of subsection (b) of section 38a-  
2       397 of the general statutes are repealed and the following is substituted  
3       in lieu thereof (*Effective October 1, 2015*):

4       (b) (1) No seller shall offer or sell portable electronics insurance in  
5       this state without obtaining a portable electronics insurance license  
6       from the Insurance Commissioner as set forth in this subsection, except  
7       that a seller offering or selling portable electronics insurance in this  
8       state prior to October 1, 2014, may continue to offer or sell such  
9       insurance while the application from the Insurance Commissioner is  
10      pending and during the application process. Any such license issued  
11      by the commissioner shall be in force until January thirty-first of each  
12      even-numbered year unless sooner suspended or revoked.

13      (2) Such license shall authorize any employee or authorized  
14      representative of such seller to offer or sell portable electronics

15 insurance at each location where the seller engages in portable  
16 electronics transactions. [(2)] No such employee or authorized  
17 representative shall be required to be licensed under chapter 701a,  
18 provided:

19 (A) The seller obtains and maintains such portable electronics  
20 insurance license;

21 (B) The insurer issuing a portable electronics insurance policy to the  
22 seller or a supervising entity of such insurer supervises the  
23 administration of the seller's portable electronics insurance program;  
24 and

25 (C) No such employee or authorized representative holds himself or  
26 herself out as a licensed insurance producer.

27 Sec. 2. Subsection (b) of section 38a-712 of the general statutes is  
28 repealed and the following is substituted in lieu thereof (*Effective*  
29 *October 1, 2015*):

30 (b) If, upon investigation of a report concerning a failure to remit  
31 premiums, the commissioner determines that a producer has received  
32 premiums directly or indirectly from insureds and has failed to remit  
33 them to the proper company, its state agent or managing general  
34 agent, he may, following a hearing as specified in section 38a-774,  
35 suspend or revoke the license of the producer. Upon receipt of a report  
36 concerning a dishonored check or upon dishonor of [a check issued by]  
37 any check, draft or other remittance upon presentment of payment,  
38 from a producer to the Insurance Department, [of the state of  
39 Connecticut,] the commissioner shall notify the producer issuing such  
40 check, draft or other remittance of the report. If an arrangement for  
41 payment of such funds is not made to the satisfaction of the  
42 commissioner by the producer within fifteen days of receipt of such  
43 notice, the license of the producer shall be automatically suspended.  
44 Within sixty days of receipt of such notice the producer may make  
45 written demand upon the commissioner for a hearing to show cause  
46 why the suspension should be terminated. Such hearing shall be held

47 within thirty days from the date of receipt of the written demand. If by  
48 the end of the sixty-day demand period no hearing has been  
49 demanded, the license of the producer shall be revoked. The  
50 commissioner may institute procedures for the restoration of the  
51 licensee's insurance accounts to best protect the interests of all parties  
52 concerned.

53 Sec. 3. Section 38a-142 of the general statutes is repealed and the  
54 following is substituted in lieu thereof (*Effective October 1, 2015*):

55 (a) As used in this section:

56 (1) "Insurance group" means those insurers and affiliates included  
57 within an insurance holding company system, as defined in section  
58 38a-129;

59 (2) "Insurer" includes any person or combination of persons doing  
60 any kind or form of insurance business and includes a receiver of any  
61 insurer when the context reasonably permits. "Insurer" does not  
62 include agencies, authorities or instrumentalities of the United States,  
63 its possessions and territories, the Commonwealth of Puerto Rico, the  
64 District of Columbia, or a state or political subdivision of a state;

65 (3) "NAIC" means the National Association of Insurance  
66 Commissioners;

67 (4) "ORSA" or "Own Risk and Solvency Assessment" means a  
68 confidential internal assessment conducted by an insurer or insurance  
69 group, appropriate to the nature, scale and complexity of such insurer  
70 or insurance group, of the material and relevant risks associated with  
71 the insurer or insurance group's current business plan and the  
72 sufficiency of capital resources to support those risks;

73 (5) "ORSA Guidance Manual" means the current version of NAIC's  
74 Own Risk and Solvency Assessment Guidance Manual, as amended  
75 from time to time;

76 (6) "ORSA Summary Report" means a confidential high-level

77 summary of an insurer or insurance group's ORSA;

78 (7) "Person" has the same meaning as provided in section 38a-1.

79 (b) (1) Each domestic insurer shall establish and maintain a risk  
80 management framework to assist the insurer with identifying,  
81 assessing, monitoring, managing and reporting on its material and  
82 relevant risks. This requirement may be satisfied if the insurance  
83 group of which such insurer is a member maintains a risk management  
84 framework applicable to the operations of such insurer.

85 (2) Each domestic insurer or the insurance group of which such  
86 insurer is a member shall regularly conduct an ORSA consistent with a  
87 process comparable to that set forth in the ORSA Guidance Manual.  
88 Any change in the ORSA Guidance Manual shall be effective January  
89 first following the calendar year in which such change was adopted by  
90 NAIC. The ORSA shall be conducted at least annually and at any time  
91 when there are significant changes to the risk profile of such insurer or  
92 insurance group.

93 (c) Commencing January 1, 2015, upon request by the Insurance  
94 Commissioner, and not more than once each year, a domestic insurer  
95 shall submit to the commissioner an ORSA Summary Report and any  
96 combination of reports that together contain the information described  
97 in the ORSA Guidance Manual that is applicable to such insurer and  
98 insurance group. The date of submission of such report or reports shall  
99 be dependent on when such insurer or insurance group conducts its  
100 internal strategic planning process. If the commissioner is the lead  
101 state commissioner, as determined by the procedures in NAIC's  
102 applicable financial analysis handbook, of the insurance group of  
103 which such insurer is a member, such insurer shall submit to the  
104 commissioner the reports required under this subsection once each  
105 year regardless of whether the commissioner has requested such  
106 reports. A domestic insurer may comply with this subsection by  
107 providing the most recent and substantially similar reports that were  
108 provided by such insurer or another member of the insurance group of  
109 which such insurer is a member to the insurance regulatory official of

110 another state or a foreign jurisdiction and that provide information  
111 that is comparable to the information described in the ORSA Guidance  
112 Manual. Any such report in a language other than English shall be  
113 accompanied by a translation of that report into the English language.

114 (d) Each domestic insurer or the insurance group of which such  
115 insurer is a member shall prepare an ORSA Summary Report  
116 consistent with the standards set forth in the ORSA Guidance Manual.  
117 Such insurer or insurance group shall maintain documentation and  
118 supporting information of an ORSA and shall make such  
119 documentation and information available for examination upon  
120 request by the commissioner. The commissioner or the commissioner's  
121 designee shall review the ORSA Summary Report and such  
122 documentation or information using procedures similar to those  
123 currently used in the analysis and examination of multistate or global  
124 insurers and insurance groups.

125 (e) The ORSA Summary Report shall include the signature of the  
126 domestic insurer's or insurance group's chief risk officer or other  
127 executive having responsibility for the oversight of the insurer's  
128 enterprise risk management process, attesting that, to the best of such  
129 officer's or executive's belief and knowledge, the insurer applied the  
130 enterprise risk management process described in the ORSA Summary  
131 Report and that a copy of the report has been provided to the insurer's  
132 board of directors or appropriate committee thereof.

133 (f) The commissioner, after notice and hearing, may impose a civil  
134 penalty on a domestic insurer that fails, without just cause, to timely  
135 file an ORSA Summary Report, of one thousand dollars for each day  
136 the failure to file a report continues. The commissioner may reduce the  
137 penalty if the insurer demonstrates to the commissioner that the  
138 imposition of the penalty would constitute a financial hardship to the  
139 insurer.

140 (g) (1) A domestic insurer shall be exempt from the requirements of  
141 subsections (b) to (e), inclusive, of this section if (A) such insurer has  
142 annual direct written and unaffiliated assumed premiums, including

143 international direct and assumed premiums but excluding premiums  
144 reinsured with the Federal Crop Insurance Corporation and the  
145 National Flood Insurance Program, of less than five hundred million  
146 dollars, and (B) the insurance group of which such insurer is a member  
147 has annual direct written and unaffiliated assumed premiums,  
148 including international direct and assumed premiums but excluding  
149 premiums reinsured with the Federal Crop Insurance Corporation and  
150 the National Flood Insurance Program of less than one billion dollars.

151 (2) If an insurer qualifies for an exemption pursuant to  
152 subparagraph (A) of subdivision (1) of this subsection but the  
153 insurance group of which such insurer is a member does not qualify  
154 for an exemption pursuant to subparagraph (B) of subdivision (1) of  
155 this subsection, the ORSA Summary Report shall include every insurer  
156 within such insurance group. This requirement may be satisfied by the  
157 submission of more than one ORSA Summary Report for any  
158 combination of insurers, provided such combination of reports  
159 includes every insurer within such insurance group.

160 (3) If an insurer does not qualify for an exemption pursuant to  
161 subparagraph (A) of subdivision (1) of this subsection but the  
162 insurance group of which such insurer is a member qualifies for an  
163 exemption pursuant to subparagraph (B) of subdivision (1) of this  
164 subsection, the only ORSA Summary Report required shall be the  
165 report applicable to such insurer.

166 (4) An insurer that does not qualify for an exemption pursuant to  
167 subparagraph (A) of subdivision (1) of this subsection may apply to  
168 the commissioner for a waiver from the requirements of subsections  
169 (b) to (e), inclusive, of this section, based on unique circumstances. In  
170 deciding whether to grant the insurer's request for a waiver, the  
171 commissioner may consider the type and volume of business written,  
172 ownership and organizational structure of the insurer and any other  
173 factors the commissioner considers relevant to the insurer or insurance  
174 group of which such insurer is a member. If the insurer is part of an  
175 insurance group with insurers domiciled in more than one state, the

176 commissioner shall coordinate with the lead state commissioner, as  
177 determined by the procedures in NAIC's applicable financial analysis  
178 handbook, of such insurance group and with the other insurance  
179 regulatory officials of member insurers' states of domicile in  
180 considering whether to grant the insurer's request for a waiver.

181 (5) If an insurer that qualifies for an exemption pursuant to  
182 subdivision (1) of this subsection subsequently no longer qualifies for  
183 such exemption due to changes in premiums as reflected in the  
184 insurer's most recent annual statement or in the most recent annual  
185 statements of the insurers within the insurance group of which such  
186 insurer is a member, such insurer shall have one year following the  
187 year the threshold is exceeded to comply with the requirements of  
188 subsections (b) to (e), inclusive, of this section.

189 (6) Notwithstanding the exemptions in this subsection, the  
190 commissioner may require that a domestic insurer comply with the  
191 requirements of subsections (b) to (e), inclusive, of this section: (A)  
192 Based on unique circumstances including, but not limited to, the type  
193 and volume of business written, ownership and organizational  
194 structure of the insurer and requests from a federal agency or the  
195 insurance regulatory official of a foreign jurisdiction; or (B) if the  
196 insurer (i) has risk-based capital for a company action level event, as  
197 set forth in sections 38a-72-1 to 38a-72-13, inclusive, and 38a-193-1 to  
198 38a-193-13, inclusive, of the regulations of Connecticut state agencies,  
199 (ii) meets one or more of the standards of an insurer deemed to be in a  
200 hazardous financial condition, as set forth in section 38a-8-103 of the  
201 regulations of Connecticut state agencies, or (iii) otherwise exhibits  
202 qualities of a troubled insurer as determined by the commissioner.

203 (h) (1) All documents, materials or other information, including the  
204 ORSA Summary Report, in the possession or control of the Insurance  
205 Department that are obtained by, created by or disclosed to the  
206 commissioner or any other person pursuant to subsections (b) to (e),  
207 inclusive, or subsection (g) of this section shall be confidential by law  
208 and privileged, shall not be subject to disclosure under section 1-210,

209 shall not be subject to subpoena and shall not be subject to discovery  
210 or admissible in evidence in any civil action in this state. The  
211 commissioner may use such documents, materials or information in  
212 the furtherance of any regulatory or legal action brought as a part of  
213 the commissioner's official duties. The commissioner shall not  
214 otherwise make such documents, materials or other information public  
215 without the prior written consent of the insurer.

216 (2) Neither the commissioner nor any person who, while acting  
217 under the authority of the commissioner, obtained or created  
218 documents, materials or other information pursuant to subsections (b)  
219 to (e), inclusive, or subsection (g) of this section, or to whom such  
220 documents, materials or other information were disclosed, through  
221 examination or otherwise, shall be permitted or required to testify in  
222 any civil action in this state concerning any such documents, materials  
223 or information.

224 (i) (1) To assist the commissioner in the performance of the  
225 commissioner's regulatory duties, the commissioner:

226 (A) May share upon request documents, materials or other  
227 information set forth in subdivision (1) of subsection (h) of this section,  
228 including documents, materials or information deemed confidential  
229 and privileged or not disclosable pursuant to said subdivision, with (i)  
230 other state, federal and international regulatory officials, including  
231 members of a supervisory college as described in section 38a-135, (ii)  
232 NAIC, and (iii) any third-party consultants designated by the  
233 commissioner, provided the recipient of any such documents,  
234 materials or other information agrees, in writing, to maintain the  
235 confidentiality and privileged status of such documents, materials or  
236 other information and has verified, in writing, the recipient's legal  
237 authority to maintain confidentiality; [ and further provided the  
238 commissioner obtains the written consent of the insurer prior to  
239 sharing any such documents, materials or other information;]

240 (B) May receive ORSA-related documents, materials or other  
241 information, including documents, materials or information deemed



242 confidential and privileged, from regulatory officials of other states or  
243 foreign jurisdictions, including members of a supervisory college as  
244 described in section 38a-135, and NAIC. The commissioner shall  
245 maintain as confidential and privileged any documents, materials or  
246 information received with notice or the understanding that such  
247 documents, materials or information are confidential and privileged  
248 under the laws of the jurisdiction that is the source of such documents,  
249 materials or information; and

250 (C) Shall enter into a written agreement with NAIC or a third-party  
251 consultant, governing the sharing and use of documents, materials and  
252 information shared or received pursuant to subparagraph (A) or (B) of  
253 this subdivision. Any such agreement shall (i) specify policies and  
254 procedures regarding the confidentiality and security of such  
255 documents, materials or other information that are shared with NAIC  
256 or a third-party consultant, including (I) procedures and protocols  
257 limiting sharing by NAIC to only regulatory officials of states in which  
258 other member insurers of the insurance group of which a domestic  
259 insurer is a member are domiciled, and (II) a provision requiring NAIC  
260 or a third-party consultant to agree, in writing, and if applicable, a  
261 provision requiring NAIC to obtain from a regulatory official under  
262 subparagraph (C)(i)(I) of this subdivision an agreement, in writing, to  
263 maintain the confidentiality and privileged status of such documents,  
264 materials or other information, and verifying the recipient's legal  
265 authority to maintain confidentiality; (ii) specify that the commissioner  
266 shall retain ownership of such documents, materials or other  
267 information and that the use of such documents, materials or other  
268 information is subject to the commissioner's discretion; (iii) prohibit  
269 NAIC or the third-party consultant from storing such documents,  
270 materials or other information in a permanent database after the  
271 underlying analysis is completed; (iv) require prompt notice to be  
272 given to an insurer whose confidential information is in the possession  
273 of NAIC or a third-party consultant if NAIC or the third-party  
274 consultant is subject to a request or subpoena for disclosure or  
275 production of such documents, materials or other information; [and]  
276 (v) require NAIC or the third-party consultant, if NAIC or such

277 consultant is subject to disclosure of an insurer's confidential  
278 documents, materials or other information that has been shared with  
279 NAIC or such consultant pursuant to subparagraph (A) of this  
280 subdivision, to allow such insurer to intervene in any judicial or  
281 administrative action regarding such disclosure; and (vi) in the case of  
282 an agreement with a third-party consultant, require the commissioner  
283 to obtain the written consent of the insurer prior to sharing any such  
284 documents, materials and information.

285 (2) No waiver of any applicable privilege or claim of confidentiality  
286 in any documents, materials or other information thereof shall occur as  
287 a result of disclosure to the commissioner or of sharing in accordance  
288 with this subsection. Nothing in this subsection shall be construed to  
289 delegate any regulatory authority of the commissioner to any person  
290 or entity with which any documents, materials or other information  
291 thereof have been shared.

292 (3) The ORSA Summary Report and any related documents,  
293 materials or other information thereof in the possession or control of  
294 NAIC or a third-party consultant pursuant to this subsection shall be  
295 confidential by law and privileged, shall not be subject to disclosure  
296 under section 1-210, shall not be subject to subpoena and shall not be  
297 subject to discovery or admissible in evidence in any civil action in this  
298 state.

299 Sec. 4. Subsection (a) of section 38a-11 of the general statutes is  
300 repealed and the following is substituted in lieu thereof (*Effective*  
301 *October 1, 2015*):

302 (a) The commissioner shall demand and receive the following fees:  
303 (1) For the annual fee for each license issued to a domestic insurance  
304 company, two hundred dollars; (2) for receiving and filing annual  
305 reports of domestic insurance companies, fifty dollars; (3) for filing all  
306 documents prerequisite to the issuance of a license to an insurance  
307 company, two hundred twenty dollars, except that the fee for such  
308 filings by any health care center, as defined in section 38a-175, shall be  
309 one thousand three hundred fifty dollars; (4) for filing any additional

310 paper required by law, thirty dollars; (5) for each certificate of  
311 valuation, organization, reciprocity or compliance, forty dollars; (6) for  
312 each certified copy of a license to a company, forty dollars; (7) for each  
313 certified copy of a report or certificate of condition of a company to be  
314 filed in any other state, forty dollars; (8) for amending a certificate of  
315 authority, two hundred dollars; (9) for each license issued to a rating  
316 organization, two hundred dollars. In addition, insurance companies  
317 shall pay any fees imposed under section 12-211; (10) a filing fee of  
318 fifty dollars for each initial application for a license made pursuant to  
319 section 38a-769; (11) with respect to insurance agents' appointments:  
320 (A) A filing fee of fifty dollars for each request for any agent  
321 appointment, except that no filing fee shall be payable for a request for  
322 agent appointment by an insurance company domiciled in a state or  
323 foreign country which does not require any filing fee for a request for  
324 agent appointment for a Connecticut insurance company; (B) a fee of  
325 one hundred dollars for each appointment issued to an agent of a  
326 domestic insurance company or for each appointment continued; and  
327 (C) a fee of eighty dollars for each appointment issued to an agent of  
328 any other insurance company or for each appointment continued,  
329 except that (i) no fee shall be payable for an appointment issued to an  
330 agent of an insurance company domiciled in a state or foreign country  
331 which does not require any fee for an appointment issued to an agent  
332 of a Connecticut insurance company, and (ii) the fee shall be twenty  
333 dollars for each appointment issued or continued to an agent of an  
334 insurance company domiciled in a state or foreign country with a  
335 premium tax rate below Connecticut's premium tax rate; (12) with  
336 respect to insurance producers: (A) An examination fee of fifteen  
337 dollars for each examination taken, except when a testing service is  
338 used, the testing service shall pay a fee of fifteen dollars to the  
339 commissioner for each examination taken by an applicant; (B) a fee of  
340 eighty dollars for each license issued; (C) a fee of eighty dollars per  
341 year, or any portion thereof, for each license renewed; and (D) a fee of  
342 eighty dollars for any license renewed under the transitional process  
343 established in section 38a-784; (13) with respect to public adjusters: (A)  
344 An examination fee of fifteen dollars for each examination taken,

345 except when a testing service is used, the testing service shall pay a fee  
346 of fifteen dollars to the commissioner for each examination taken by an  
347 applicant; and (B) a fee of two hundred fifty dollars for each license  
348 issued or renewed; (14) with respect to casualty claims adjusters: (A)  
349 An examination fee of twenty dollars for each examination taken,  
350 except when a testing service is used, the testing service shall pay a fee  
351 of twenty dollars to the commissioner for each examination taken by  
352 an applicant; (B) a fee of eighty dollars for each license issued or  
353 renewed; and (C) the expense of any examination administered  
354 outside the state shall be the responsibility of the entity making the  
355 request and such entity shall pay to the commissioner two hundred  
356 dollars for such examination and the actual traveling expenses of the  
357 examination administrator to administer such examination; (15) with  
358 respect to motor vehicle physical damage appraisers: (A) An  
359 examination fee of eighty dollars for each examination taken, except  
360 when a testing service is used, the testing service shall pay a fee of  
361 eighty dollars to the commissioner for each examination taken by an  
362 applicant; (B) a fee of eighty dollars for each license issued or renewed;  
363 and (C) the expense of any examination administered outside the state  
364 shall be the responsibility of the entity making the request and such  
365 entity shall pay to the commissioner two hundred dollars for such  
366 examination and the actual traveling expenses of the examination  
367 administrator to administer such examination; (16) with respect to  
368 certified insurance consultants: (A) An examination fee of twenty-six  
369 dollars for each examination taken, except when a testing service is  
370 used, the testing service shall pay a fee of twenty-six dollars to the  
371 commissioner for each examination taken by an applicant; (B) a fee of  
372 two hundred fifty dollars for each license issued; and (C) a fee of two  
373 hundred fifty dollars for each license renewed; (17) with respect to  
374 surplus lines brokers: (A) An examination fee of twenty dollars for  
375 each examination taken, except when a testing service is used, the  
376 testing service shall pay a fee of twenty dollars to the commissioner for  
377 each examination taken by an applicant; and (B) a fee of six hundred  
378 twenty-five dollars for each license issued or renewed; (18) with  
379 respect to fraternal agents, a fee of eighty dollars for each license

380 issued or renewed; (19) a fee of twenty-six dollars for each license  
381 certificate requested, whether or not a license has been issued; (20)  
382 with respect to domestic and foreign benefit societies shall pay: (A) For  
383 service of process, fifty dollars for each person or insurer to be served;  
384 (B) for filing a certified copy of its charter or articles of association,  
385 fifteen dollars; (C) for filing the annual report, twenty dollars; and (D)  
386 for filing any additional paper required by law, fifteen dollars; (21)  
387 with respect to foreign benefit societies: (A) For each certificate of  
388 organization or compliance, fifteen dollars; (B) for each certified copy  
389 of permit, fifteen dollars; and (C) for each copy of a report or certificate  
390 of condition of a society to be filed in any other state, fifteen dollars;  
391 (22) with respect to reinsurance intermediaries, a fee of six hundred  
392 twenty-five dollars for each license issued or renewed; (23) with  
393 respect to life settlement providers: (A) A filing fee of twenty-six  
394 dollars for each initial application for a license made pursuant to  
395 section 38a-465a; and (B) a fee of forty dollars for each license issued or  
396 renewed; (24) with respect to life settlement brokers: (A) A filing fee of  
397 twenty-six dollars for each initial application for a license made  
398 pursuant to section 38a-465a; and (B) a fee of forty dollars for each  
399 license issued or renewed; (25) with respect to preferred provider  
400 networks, a fee of two thousand seven hundred fifty dollars for each  
401 license issued or renewed; (26) with respect to rental companies, as  
402 defined in section 38a-799, a fee of eighty dollars for each permit  
403 issued or renewed; (27) with respect to medical discount plan  
404 organizations licensed under section 38a-479rr, a fee of six hundred  
405 twenty-five dollars for each license issued or renewed; (28) with  
406 respect to pharmacy benefits managers, an application fee of one  
407 hundred dollars for each registration issued or renewed; (29) with  
408 respect to captive insurance companies, as defined in section 38a-91aa,  
409 a fee of three hundred seventy-five dollars for each license issued or  
410 renewed; (30) with respect to each duplicate license issued a fee of fifty  
411 dollars for each license issued; (31) with respect to surety bail bond  
412 agents, as defined in section 38a-660, (A) a filing fee of one hundred  
413 fifty dollars for each initial application for a license, and (B) a fee of one  
414 hundred dollars for each license issued or renewed; (32) with respect

415 to third-party administrators, as defined in section 38a-720, (A) a fee of  
416 five hundred dollars for each license issued, and (B) a fee of [three]  
417 four hundred fifty dollars for each license renewed; [, and (C) a fee of  
418 one hundred dollars for each annual report filed pursuant to section  
419 38a-720l;] and (33) with respect to portable electronics insurance  
420 licenses under section 38a-397, as amended by this act, (A) a filing fee  
421 of one hundred dollars for each initial application for a license, (B) a  
422 fee of five hundred dollars for each license issued, and (C) a fee of four  
423 hundred fifty dollars for each license renewed.

424 Sec. 5. Section 38a-720l of the general statutes is repealed and the  
425 following is substituted in lieu thereof (*Effective October 1, 2015*):

426 (a) Each third-party administrator [licensed under] seeking to renew  
427 a license issued pursuant to section 38a-720j, as amended by this act,  
428 shall [file an annual report for the preceding calendar year with the  
429 commissioner on or before July first of each year or within such  
430 extension of time as the commissioner may grant for good cause. The  
431 annual report shall be] submit a renewal filing in the form and contain  
432 such information as the commissioner prescribes, including evidence  
433 that the surety bond required under subdivision (1) of subsection (a) of  
434 section 38a-720j and, if applicable, subsection (h) of section 38a-720j,  
435 remain in force. The information contained in such report shall be  
436 verified by at least two officers of the third-party administrator.

437 (b) The [annual report] renewal filing shall include the complete  
438 names and addresses of all insurers or other persons with which the  
439 third-party administrator had written agreements during the  
440 preceding fiscal year.

441 [(c) At the time of filing the annual report, the third-party  
442 administrator shall pay a filing fee as specified in section 38a-11.

443 (d) The commissioner shall review the most recently filed annual  
444 report of each third-party administrator on or before September first of  
445 each year. Upon completion of its review, the commissioner shall: (1)  
446 Issue a certification to the third-party administrator that the annual

447 report shows the third-party administrator is currently licensed and in  
 448 good standing, or noting any deficiencies found in such annual report;  
 449 or (2) update any electronic database maintained by the National  
 450 Association of Insurance Commissioners, its affiliates or subsidiaries,  
 451 indicating that the annual report shows the third-party administrator  
 452 is compliant with existing law, or noting any deficiencies found in  
 453 such annual report.]

454 Sec. 6. Subsection (f) of section 38a-720j of the general statutes is  
 455 repealed and the following is substituted in lieu thereof (*Effective*  
 456 *October 1, 2015*):

457 (f) Any license issued to a third-party administrator shall be in force  
 458 until September thirtieth of each year, unless sooner revoked or  
 459 suspended as provided in this section. The license may be renewed, at  
 460 the discretion of the commissioner, upon payment of the fee specified  
 461 in section 38a-11, [without the resubmission of the detailed  
 462 information required in the original application] as amended by this  
 463 act, and the renewal filing under section 38a-720l, as amended by this  
 464 act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	38a-397(b)(1) and (2)
Sec. 2	<i>October 1, 2015</i>	38a-712(b)
Sec. 3	<i>October 1, 2015</i>	38a-142
Sec. 4	<i>October 1, 2015</i>	38a-11(a)
Sec. 5	<i>October 1, 2015</i>	38a-720l
Sec. 6	<i>October 1, 2015</i>	38a-720j(f)

**INS**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill makes several changes to the insurance statutes and the powers of the Insurance Department. There is no associated fiscal impact.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None



**OLR Bill Analysis****SB 907****AN ACT CONCERNING CHANGES TO THE INSURANCE STATUTES.****SUMMARY:**

This bill makes several unrelated changes in insurance statutes. It:

1. makes a portable electronics insurance license valid until January 31 of each even-numbered year,
2. extends the insurance commissioner's authority to suspend or revoke an insurance producer's license if the producer submits any form of payment to the Insurance Department that is dishonored,
3. allows the commissioner to share an insurer's Own Risk and Solvency Assessment (ORSA) summary report and related documents with other regulatory officials and the National Association of Insurance Commissioners (NAIC) without the insurer's written consent, and
4. incorporates the third-party administrator (TPA) annual reporting requirement into the annual TPA license renewal process.

EFFECTIVE DATE: October 1, 2015

**§ 1 – PORTABLE ELECTRONICS INSURANCE LICENSE**

The bill specifies that a portable electronics insurance license expires on January 31 of each even-numbered year, unless the commissioner suspends or revokes it sooner.

By law, a person who (1) leases or sells portable electronics and (2)

offers or sells portable electronics insurance in Connecticut must obtain an insurance license from the commissioner. Licenses are valid for two years and may be renewed.

## **§ 2 – DISHONORED PAYMENT BY LICENSED PRODUCER**

The bill requires the commissioner, under certain circumstances, to suspend an insurance producer's license when the producer makes a payment to the Insurance Department that is dishonored, whether payment is by check, draft, or other form (e.g., electronic payment). Current law allows the commissioner to take this action with respect to checks only.

The bill requires the commissioner to follow procedures in existing law for suspending a license for a dishonored check. Thus, the commissioner must notify the producer that the payment was dishonored. If the producer does not make good on the payment within 15 days after receiving notice, the commissioner must suspend the producer's license.

Within 60 days after receiving notice, the producer may request in writing that the commissioner hold a hearing on why she should end the suspension. The commissioner must hold the hearing within 30 days after receiving the request. If the producer does not request a hearing by the end of the 60-day period, the commissioner must revoke the producer's license.

## **§ 3 – ORSA REPORT SHARING**

The bill allows the commissioner to share an insurer's ORSA summary report and related documents with other regulatory officials and NAIC without the insurer's written consent. It still requires the insurer's consent for the commissioner to share information with third-party consultants, as under existing law.

An ORSA is a risk assessment domestic insurers must complete annually under a risk management framework they must establish. Insurers must provide the commissioner, upon request, with an ORSA summary report. By law, the ORSA summary report and related

documents are generally confidential. But the law allows the commissioner to share them with other regulatory officials, NAIC, and third-party consultants if the recipient agrees in writing to maintain the report's confidentiality.

#### **§§ 4 - 6 – TPA LICENSE AND ANNUAL REPORT**

The bill combines a TPA's annual report requirement with its annual license renewal process. In doing so, it pushes back the annual report due date and combines the annual report filing and license renewal fees.

Under the bill, a TPA seeking to renew its license must submit a \$450 fee and its annual report to the commissioner in one filing. By law, licenses expire annually on September 30 and may be renewed at the commissioner's discretion. Current law requires a TPA to (1) file its annual report and a \$100 fee by July 1 and (2) renew its license before it expires by submitting a \$350 fee.

The annual report contents remain unchanged under the bill. It must include (1) the complete names and addresses of all insurers with which the TPA had agreements during the previous fiscal year, (2) evidence that the required surety bonds remain in force, and (3) verification by at least two of the TPA's officers.

The bill eliminates requirements that the commissioner (1) review the annual report by September 1 and (2) issue a certification to the TPA, or update a NAIC database, indicating (a) the TPA is licensed in good standing or (b) any deficiencies.

#### **COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea    16    Nay   0    (03/05/2015)